

Texas Corporate Responsibility Alliance

Common Cause Texas-Public Citizen Texas-Texans for Public Justice- Campaigns for People

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November 10, 2005

Mr. Donald F. McHenry
Director
AT&T
One AT & T Way
Bedminster, NJ 07921

Dear Mr. McHenry:

As you probably know, AT&T made direct corporate contributions to the Texas Association of Business Voter Education Project and Texans For A Republican Majority PAC during Texas' 2002 state elections. As corporate treasury funds, your donations were likely prohibited by Texas law. A number of civil and criminal proceedings currently are determining the exact nature and circumstances of these contributions and should hold all wrongdoers accountable for their actions.

Regardless of the outcome of these proceedings, we urge you to assume responsibility for all future political activities of AT&T. Specifically, we urge you to adopt a policy that makes your board of directors directly responsible for overseeing all of the corporation's political activities. Morgan Stanley, Johnson & Johnson, and Schering-Plough have taken a lead in adopting such policies with respect to their corporate political contributions. We encourage you to base such a policy on the enclosed model statement developed by the Center for Political Accountability. These principles require corporations to ensure that political contributions are:

- In the long-term interests of—and disclosed to—shareholders; and
- Made directly to the intended recipient rather than funneled through intermediary parties or committees.

We further encourage you to voluntarily adopt a policy that applies the federal restrictions on corporate-funded "issue advertising" (contained in the McCain-Feingold campaign reforms) to any of your corporation's issue-based, public advertising campaigns that coincide with local and or state elections. Under such a policy, your corporation would refrain from conducting any "issue advertising" within 60 days of a local, state or federal general election.

Corporations need to be responsible and accountable to the wider community. As such, they must respect the integrity of the political process and obey election laws. We hope you will take the lead in this area of corporate responsibility and look forward to your reply.

Sincerely,

Suzy Woodford, Director
Common Cause Texas

Craig McDonald, Director
Texans for Public Justice

Tom "Smitty" Smith, Director
Public Citizen Texas

Fred Lewis, Director
Campaigns For People